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EXAMINER

KARDOS, NEIL R

ART UNIT	PAPER NUMBER
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3623

NOTIFICATION DATE	DELIVERY MODE
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ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary	Application No. 10/626,071	Applicant(s) MILLS, LLOYD PAUL	
	Examiner Neil R. Kardos	Art Unit 3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 May 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-35 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-35 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This is a **NON-FINAL** Office action on the merits in response to communications filed on May 28, 2008. Claims 1, 6-7, 12, 16-19, 24-26, 30, and 32-33 have been amended. Currently, claims 1-35 are pending and have been examined.

Remarks

2. Notes

Examiner notes that claims 19 and 26 are marked with an improper status identifier. They have been marked "Original" despite being amended. In the interest of furthering prosecution, Examiner will proceed assuming that Applicant intended to mark claims 19 and 26 as "Currently Amended."

3. Rejections under § 102

Applicant's amendments to claims 1, 6, 12, 16-18, 24-25, 30, and 32 are sufficient to overcome the § 102 rejection set forth in paragraph(s) 2 of the previous office action. Accordingly, this rejection is withdrawn, and a new prior art rejection is set forth below. This new grounds of rejection is necessitated by Applicant's amendment.

4. Rejections under § 103

Applicant's arguments with respect to claims 7-9, 19-21, 26-28, and 33-35 have been fully considered but they are not persuasive.

5. Applicant argues the following:

(a) Examiner used “impermissible hindsight reasoning... to construct a hypothetical combination which obviates the claims.” (See Remarks, page 12).

(b) There is no reason to combine Subramanian (US 2004/0117236) and Brown (US 2003/0055677). (See Remarks, page 12). Specifically, Applicant argues that there is no motivation to combine Brown with Subramanian because Subramanian already “takes into account the cost of overages and deficits of energy used,” and thus one of ordinary skill in the art would not be motivated to combine the two references in order to “take into account the cost of overages and deficits of energy used.” (See Remarks, pages 12-13).

6. In response to argument (a), Examiner respectfully disagrees. It must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971). As evidenced from the prior art of record, the claim elements were within the knowledge of one of ordinary skill in the art at the time the invention was made. Furthermore, it would have been obvious to one of ordinary skill at the time the invention was made to combine these elements. See responses to arguments (b) and (c), below, for clarification.

7. In response to argument (b), Examiner respectfully disagrees. First, addressing Applicant's specific argument, Examiner agrees that Subramanian takes overages and deficits into account. However, this does not mean that one of ordinary skill in the art would not be

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motivated to take overages and deficits into account in a different manner (e.g. one that is more efficient).

8. Utilizing Applicant's example (see Remarks, page 14), suppose that Reference A discloses a car capable of traveling at 100 miles per hour. Also supposed that Reference B discloses a mechanism that will allow a car to travel at 100 miles per hour in a more efficient manner (e.g. using less fuel). Clearly, there would be motivation to combine these two references for the sake of efficiency. Compare this to the present case of taking energy use overages and deficits into account: Subramanian discloses that a customer pays a pre-negotiated rate for a base energy load. At the end of a certain time period, the customer will either be debited or credited the current price of energy depending on whether the customer surpassed or fell short of the pre-negotiated base energy load. Brown, on the other hand, discloses predicting a customer overage or deficit in advance, rather than waiting to determine the actual overage/deficit at the time of payment (see e.g. Brown: paragraph 48). Thus, Brown's method of determining overages and deficits has added advantages of efficiency (e.g. a customer can tailor a baseline to their expected utility usage in order to minimize cost fluctuations based on overages and deficits, a customer can also reduce overages in order to save money, and a customer can pay for energy in advance to save money if the cost of energy rises; see Brown: paragraph 11). Therefore, there is motivation to combine these Subramanian and Brown for the sake of efficiency, as in the analogy above.

9. Examiner also respectfully disagrees with Applicant's broader argument that there is no reason to combine Subramanian and Brown. In light of *KSR*, there no longer needs to be an articulated reason in the references to combine the cited prior art, as Applicant suggests (see

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Remarks, page 12). *See KSR International Co. v. Teleflex, Inc.*, 127 S. Ct. 1727 (April 30, 2007). Thus, there are other reasons to combine Subramanian and Brown beyond the traditional "teaching, suggestion, or motivation to combine." For example, a claimed invention is obvious when it is merely a combination of known elements that retains the functionality of the separate elements and produces a result that would be predictable to one of ordinary skill in the art. In the present case (claim 7), all of the claim elements are disclosed by Subramanian except "calculating a market imbalance factor for the future period based on data associated with the past period" (see prior art rejections, below). Brown discloses this element (see paragraphs 11, 44, 48). When combined, the elements disclosed by Subramanian and Brown perform the same function as they did separately. Furthermore, the combination produces a result that would be predictable to one of ordinary skill in the art. Thus, the claimed invention is obviated by the combination of Subramanian and Brown.

Claim Rejections - 35 USC § 101

10. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

11. Claims 1-23 and 30-35 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1 and 30: Claims 1 and 30 are directed toward the statutory category of a process. In order for a claimed process to be patentable subject matter under 35 U.S.C. § 101, it must either: (1) be tied to another statutory class (such as a particular apparatus), or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *See*

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Diamond v. Diehr, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). If neither of these requirements is met by the claim, the method/process is not patentable subject matter under § 101. Thus, to qualify as a statutory process under § 101, the claim should positively recite the other statutory class to which it is tied (e.g. by identifying the apparatus that accomplishes the method steps), or positively recite the subject matter that is being transformed (e.g. by identifying the material that is being changed to a different state).

Here, the claimed invention does not transform underlying subject matter because it is merely a method for forecasting a potential cost. Furthermore, the method is not tied to another statutory category, such as a particular apparatus. The claimed invention is capable of being carried out entirely in the human mind. Thus, the claimed invention is not statutory under § 101.

Claim 12: Claim 12 recites a system comprising “means for” carrying out various steps. The “means for” language invokes the means described in the specification, and allows for the claimed system to constitute software. See, for example, page 6: lines 14-25 of the specification (paragraph 22 of the PG-Pub). The claim does not recite any physical structures necessary to constitute a system. Therefore, the claimed invention does not fall within a statutory class of patentable subject matter.

Claim 17: Claim 17 recites a system comprising a graphical user interface and a cost forecasting tool. These tools as recited do not necessarily constitute a physical structure, such as computer hardware. Rather, they could simply be procedures that are followed in order to

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achieve a desired outcome, such as a collection of computer instructions (i.e. software). The claim does not recite any physical structures necessary to constitute a system. Therefore, the claimed invention does not fall within a statutory class of patentable subject matter.

Claims 2-11, 13-16, 18-23, and 31-35: The dependent claims are rejected for failing to remedy the deficiencies of the claims from which they depend.

Claim Rejections - 35 USC § 103

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. Claims 1-9, 12-21, 24-28, and 30-35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Subramanian et al. (US 2004/0117236) in view of Brown et al. (US 2003/0055677).

Claims 1, 12, 24 and 30: Subramanian et al. discloses a method for forecasting a potential cost for an indirect procurement commodity (as per claim 1) (paragraph [0007], lines 1-5), a system for forecasting a potential cost for an indirect procurement commodity (as per claim 12) (paragraph [0016], lines 1-3), a computer program product for forecasting a potential cost for an indirect procurement commodity, the computer program product comprising a computer usable medium having computer readable program means (as per claim 24) (paragraph [0016],

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line 12, paragraph [0017], lines 1-4), and a method of doing business (as per claim 30)

(paragraph [0007], lines 1-5) comprising:

- receiving a volume (i.e. load) of the indirect procurement commodity to be block purchased for a future period (paragraph [0017], line 4, paragraph [0018], lines 1-2);
- calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period (paragraph [0022], lines 5-8, paragraph [0018], lines 6-8); and
- forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost (paragraph [0018], lines 6-10) and at least one variable factor (i.e. on-site generation options) associated with the indirect procurement commodity (paragraph [0009], lines 1-5).

Subramanian et al. does not explicitly disclose that the at least one variable factor is a market imbalance factor.

Brown et al. discloses calculating a market imbalance factor (i.e. predicted utility margins) (paragraph [0048]) for the future period based on data associated with the past period (paragraph [0011], lines 7-12, paragraph [0044], lines 1-6).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to combine the method, system and computer program product of Subramanian et al. with the feature of calculating a market imbalance factor (i.e. predicted utility margins) for the future period based on data associated with the past period as taught by Brown et al., as both Subramanian et al. and Brown et al. are directed toward the method, system and

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computer program product for forecasting a potential cost for an indirect procurement commodity. The motivation for doing so would have been to take into account the cost of overages and deficits of energy used (e.g. in a more efficient manner; See also response to Applicant's arguments, in the "Remarks" section, above).

Claims 2 and 31: Subramanian et al. discloses wherein the indirect procurement commodity comprises energy (paragraph [0002], lines 1-3).

Claims 3 and 13: Subramanian et al. discloses multiplying the volume (i.e. load) of the indirect procurement commodity by a time factor wherein the time factor is associated with the past period (paragraph [0031], paragraph [0030], lines 8-11).

Claims 4 and 14: Subramanian et al. discloses wherein the time factor comprises a number of off-peak hours in the past period (paragraph [0025], paragraph [0030], lines 8-11).

Claims 5 and 15: Subramanian et al. discloses wherein the time factor comprises a number of peak hours in the past period (paragraph [0025], paragraph [0030], lines 8-11).

Claims 6, 16, 25 and 32: Subramanian et al. discloses wherein forecasting a potential cost of the indirect procurement commodity further comprises calculating at least one variable (i.e. on-site generation options) (paragraph [0079], lines 1-5, paragraph [0098]).

Subramanian et al. does not explicitly disclose that the at least one variable factor is a market imbalance factor. However, this deficiency is met by Brown, as discussed in the rejection of claim 1.

Claims 7, 19, 26, and 33: Subramanian et al. discloses the invention substantially as claimed. However, Subramanian et al. does not disclose wherein calculating the market imbalance factor comprises: calculating the market imbalance factor for the future period based on data associated with the past period. However, this deficiency is met by Brown, as discussed in the rejection of claim 1.

Claims 8, 20, 27 and 34: Subramanian et al. discloses the invention substantially as claimed. However, Subramanian et al. does not disclose wherein data associated with the past period comprises consumption data and price index data.

Brown et al. discloses wherein data associated with the past period comprises consumption data (i.e. usage data) and price index data (pricing data).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to combine the method, system and computer program product of Subramanian et al. with the feature of wherein data associated with the past period comprises consumption data and price index data as taught by Brown et al., as both Subramanian et al. and Brown et al. are directed to the method, system and computer program product for forecasting a potential cost for an indirect procurement commodity. The motivation for doing so would have

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been to use historical data to calculate the market imbalance factor (and the known efficiencies associated therewith).

Claims 9, 21, 28, and 35: Subramanian et al. discloses the invention substantially as claimed. However, Subramanian et al. does not disclose wherein forecasting the potential cost of the indirect procurement commodity further comprises: adding the market imbalance factor to the cost of the volume of the indirect procurement commodity thereby generating a forecasted cost of the volume of the indirect procurement commodity.

Brown et al. discloses calculating a market imbalance factor (i.e. predicted utility margins) (paragraph [0048]) for the future period based on data associated with the past period (paragraph [0011], lines 7-12, paragraph [0044], lines 1-6). It is common knowledge in the prior art to add the market imbalance factor into the cost of the volume of the indirect procurement commodity once it has been calculated.

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to combine the method, system and computer program product of Subramanian et al. with the feature of wherein forecasting the potential cost of the indirect procurement commodity further comprises: adding the market imbalance factor to the cost of the volume of the indirect procurement commodity thereby generating a forecasted cost of the volume of the indirect procurement commodity as taught by Brown et al., as both Subramanian et al. and Brown et al. are directed to the method, system and computer program product for forecasting a potential cost for an indirect procurement commodity. The motivation for doing so would have been to take into account the cost of overages and deficits of energy used in

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generating a forecasted cost of the volume of the indirect procurement commodity (and the efficiencies associated therewith).

Claim 17: Subramanian et al. discloses a system for forecasting a potential cost for an indirect procurement commodity (paragraph [0016], lines 1-3), comprising:

- a graphical user interface (i.e. computer screen) (paragraph [0016], line 9); and
- a cost forecasting tool coupled to the graphical user interface (paragraph [0017], lines 1-4) capable of:
 - receiving a volume (i.e. load) of the indirect procurement commodity to be block purchased for a future period (paragraph [0017], line 4, paragraph [0018], lines 1-2);
 - calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period (paragraph [0022], lines 5-8, paragraph [0018], lines 6-8); and
 - forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost (paragraph [0018], lines 6-10) and at least one variable factor (i.e. on-site generation options) associated with the indirect procurement commodity (paragraph [0009], lines 1-5).

Subramanian et al. does not explicitly disclose that the at least one variable factor is a market imbalance factor. However, this deficiency is met by Brown, as discussed in the rejection of claim 1.

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Claim 18: Subramanian et al. discloses wherein forecasting a potential cost of the indirect procurement commodity further comprises: calculating the at least one variable (i.e. on-site generation options) (paragraph [0079], lines 1-5, paragraph [0098]).

Subramanian et al. does not explicitly disclose that the at least one variable factor is a market imbalance factor. However, this deficiency is met by Brown, as discussed in the rejection of claim 1.

14. Claims 10-11, 22-23 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Subramanian et al. in view of Brown et al., and further in view of Zaloom (US 6,366,889).

Claims 10, 22 and 29: Subramanian et al. and Brown et al. disclose the invention substantially as claimed. However, Subramanian et al. and Brown et al. do not disclose wherein forecasting the potential cost of the indirect procurement commodity further comprises: factoring a market fluctuation component into the forecasted cost of the volume of the indirect procurement commodity.

Zaloom discloses wherein forecasting the potential cost of the indirect procurement commodity further comprises: factoring a market fluctuation component (i.e. fuel cost adjustment/environmental surcharge) into the forecasted cost of the volume of the indirect procurement commodity (column 17, lines 52-57).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to combine the method, system and computer program product of Subramanian et al. and Brown et al. with the feature of wherein forecasting the potential cost of

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the indirect procurement commodity further comprises: factoring a market fluctuation component into the forecasted cost of the volume of the indirect procurement commodity as taught by Zaloom, as Subramanian et al., Brown et al., and Zaloom are directed to the method, system and computer program product for forecasting a potential cost for an indirect procurement commodity. The motivation for doing so would have been to consider market fluctuation into the forecasted cost of the volume of the indirect procurement commodity (and the efficiencies associated therewith).

Claims 11 and 23: Subramanian et al. and Brown et al. discloses the invention substantially as claimed. However, Subramanian et al. and Brown et al. do not disclose wherein the market fluctuation component comprises a best guess estimate of market fluctuation during the future period.

Zaloom discloses wherein the market fluctuation component (i.e. fuel cost adjustment/environmental surcharge) (column 17, lines 52-57) comprises a best guess (i.e. realistic) estimate during the future period (column 17, lines 64-67).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to combine the method and system of Subramanian et al. and Brown et al. with the feature of wherein the market fluctuation component comprises a best guess estimate of market fluctuation during the future period as taught by Zaloom, as Subramanian et al., Brown et al. and Zaloom are directed to the method and system for forecasting a potential cost for an indirect procurement commodity. The motivation for doing so would have been to anticipate

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market fluctuation when forecasting a potential cost of the volume of the indirect procurement commodity (and the efficiencies associated therewith).

Conclusion

15. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

- Peljto et al. (US 2003/0229576 A1) discloses a method and apparatus for resolving energy imbalance.
- Powell et al. (US 2003/0126025 A1) discloses a system, method and storage medium for facilitating procurement of direct and indirect items.
- Sick et al (US 2003/0216971 A1) discloses a system for buying and selling commodities or resources.
- Takriti et al. (US 5,974,403) discloses a computer implemented tool for forecasting the spot price of electric power.
- Woo et al. ("Managing Electricity Procurement Cost and Risk by a Local Distribution Company") discloses a framework for determining the forward-contract purchases that minimized the expected procurement cost.

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16. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Neil R. Kardos whose telephone number is (571) 270-3443. The examiner can normally be reached on Monday through Friday from 9 am to 5 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on (571) 272-6737. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Neil R. Kardos
Examiner
Art Unit 3623

NRK
8/4/08
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